# FISCAL NOTE

**Bill #:** SB0212

**Title:** Revise allocation and distribution of federal mineral leasing funds

**Primary Sponsor:** Esp, J

**Status:** As Amended in Senate Committee

Sponsor signature Date

David Ewer, Budget Director Date

## Fiscal Summary

| | FY 2006 Difference | FY 2007 Difference |
|---|---|---|
| **Expenditures:** | | |
| General Fund Transfers | ($8,655,000) | ($8,835,000) |
| **Revenue:** | | |
| General Fund | ($8,655,000) | ($8,835,000) |
| **Net Impact on General Fund Balance:** | $0 | $0 |

- [ ] Significant Local Gov. Impact
- [ ] Included in the Executive Budget
- [ ] Dedicated Revenue Form Attached
- [ ] Technical Concerns
- [ ] Significant Long-Term Impacts
- [ ] Needs to be included in HB 2

## Fiscal Analysis

ASSUMPTIONS:

1. Under current law, US mineral royalty revenue is deposited in the general fund. As part of fiscal year end closeout, 25% of receipts during the fiscal year are transferred to the mineral impact special revenue account and then distributed to the counties where mineral production occurred on federal land. This bill would allocate 25% of mineral royalty revenue directly to the mineral impact account.
2. US mineral royalty revenue will be $34.660 million in FY 2006 and $35.334 million in FY 2007. (HJR 2)
3. Under the proposal, general fund revenue from US mineral royalties will decrease 25% or $8.655 million in FY 2006 and $8.835 million in FY 2007.
4. General fund transfers out will decrease $8.655 million in FY 2006 and $8.835 million in FY 2007.
5. Revenue to the mineral impact account and payments from the account will be unchanged.

**Fiscal Note Request SB0212, As Amended in Senate Committee**
(continued)

FISCAL IMPACT:

| | FY 2006 Difference | FY 2007 Difference |
|---|---|---|
| Expenditures: | | |
| Transfer – General Fund | ($8,855,000) | ($8,835,000) |
| | | |
| Funding of Expenditures: | | |
| General Fund (01) | $8,855,000 | $8,835,000 |
| | | |
| Revenue | | |
| General Fund (01) | ($8,855,000) | ($8,835,000) |
| | | |
| Net Impact to Fund Balance (Revenue minus Funding of Expenditures): | | |
| General Fund (01) | $0 | $0 |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
None.

TECHNICAL NOTES:
1. Section 17-3-240, MCA requires that 25%of US mineral royalties received during a fiscal year be distributed to the counties. Because the state receives the revenue two months after it is earned, two-months of expected receipts are accrued at the end of each fiscal year. However, the distribution to the counties is based on cash receipts during the fiscal year. Over a period of several years, revenue, including accruals, should equal cash receipts, but in any one fiscal year, revenue for the year is likely to be different from cash receipts during the year.